

**PX 114**

**From:** Brad Garlinghouse <[REDACTED]@ripple.com>  
**Sent:** Monday, June 05, 2017 6:12 AM  
**To:** [REDACTED]  
**Subject:** Re: Ripple's May Investor and Advisor Update

[REDACTED]  
Happy to do both!

On Indigo: I agree with your sentiment. I don't plan to participate.

Given the mark-up, I have plenty 'riding' as they continue to build the business.

On Crypto, I think there are four drivers so far this year for XRP:

1) macro: government shifts. Japan has effectively legalized crypto as currency. Russia has gone from banning the trading of crypto - to embracing (effective Jan 2018). the overall market (total market cap of all crypto) is at about \$95b right now - which is up 3-4x in 2017. The tailwind from major economies leaning in and supporting digitized currency / currencies is a big deal and likely to continue. If Gold is at \$9 trillion, what's the right valuation for crypto?

2) Another macro change is that many have -historically - viewed Bitcoin as a panacea for all crypto use cases. One manifestation of this is something that is often referenced / measured: bitcoin dominance. This is the percentage of the total crypto market that bitcoin represents (as compared to all of the other 'alt-coins'). Since this category has been created the

bitcoin dominance stood at about 85%. Increasingly, given the technical

scaling challenges for Bitcoin, people are realizing that it will not be the panacea for all use case. Today it take about 3 hours on average to settle / confirm a bitcoin transaction. And the cost per transaction is about \$.60. If you are trying to do real-time payments (as we are) at scale, well, that's just not going to work. So Bitcoin's dominance has reduced to 45% today. While Bitcoin has gone up a lot - most of the market appreciation has accrued to the other digital assets (like XRP).

3) For XRP specifically, when Ripple announces more banks using our technology - that means there is the opportunity for more banks to use XRP for settlement efficiency (more on that in Little Compton). So as Ripple has done well in announcing customers - that has driven market interest in buying XRP as a speculative investment. If you look back - we announced [REDACTED] as a customer in Feb - and that was one of the catalysts to this market rally. And we announced 10 new banks in April - which furthered the rally.

4) Also for XRP more specifically, XRP has been less liquid because it's been harder to buy. We have been listed on fewer crypto exchanges - with markets between only some currencies. In the last couple of months we have had announcements about new exchanges listing XRP - across more fiat pairs. This continues to create tailwinds.

Stepping back - we are continuing to work on #3 and #4 which should hopefully drive some tailwinds... but hard to predict #1 and #2... and of course there a multitude of externalities that are hard to predict.

Hope that's marginally helpful!

Talk soon  
Brad

On Mon, Jun 5, 2017 at 3:03 AM, [REDACTED] wrote:

> Brad.

> Sounds/looks like things are going well.





> and announcing our commitment to lock up the lion's share of our XRP  
 > in a cryptographically-secured escrow account  
 > <[https://ripple.com/insights/ripple-to-place-55-billion-xrp-in-escrow-](https://ripple.com/insights/ripple-to-place-55-billion-xrp-in-escrow-to-ensure-certainty-into-total-xrp-supply/)  
 > to-ensure-certainty-into-total-xrp-supply/>  
 > by the end of 2017.  
 >  
 > Despite a proven track record of being good stewards of XRP, we had  
 > continued to hear concerns in the market that Ripple could  
 > (hypothetically) sell our 61 billion XRP at any time - a scenario that  
 > would certainly be bad for Ripple! So with the decision to lock up 55  
 > billion XRP in escrow, we have given investors a predictable supply  
 > schedule and removed what skeptics have suggested has been a barrier  
 > to broad XRP adoption. Suffice it to say, the XRP ecosystem responded very positively to the news.  
 >  
 > The bottom line is that we are committed to making XRP the best  
 > digital asset for payments. While I can't predict future market  
 > dynamics, this is a very exciting time for us as the market is  
 > recognizing XRP's real use case  
 > - liquidity for cross-border payments - and technical superiority  
 > compared to other digital assets.  
 >  
 > This recognition has translated into significant improvements in both  
 > the liquidity (trading volume) and price of XRP. We saw nearly \$6  
 > billion in trading volume in May alone and XRP is now hovering around  
 > \$.30 <<https://ripple.com/xrp/market-performance/>>, up approximately  
 > 500 percent in the last 30 days and over 5,000 percent from the  
 > beginning of 2017! As a result, XRP has overtaken Ethereum as the  
 > current number two digital asset by market capitalization and even  
 > eclipsed Bitcoin on more than one occasion. In fact, factoring in the  
 > ~\$18 billion of XRP we own, Ripple is worth more than all but four  
 > U.S. start-ups  
 > <[http://www.cnbc.com/2017/05/26/bitcoin-rival-ripple-is-sitting-on-man-](http://www.cnbc.com/2017/05/26/bitcoin-rival-ripple-is-sitting-on-mandy-billions-of-dollars-of-xrp.html)  
 > y-billions-of-dollars-of-xrp.html>  
 > — Uber, Airbnb, Palantir and WeWork. This gives us a tremendous  
 > advantage in the marketplace to leverage this strength in a multitude  
 > of ways - with the underlying vision of enabling an Internet of Value!  
 >  
 > As always, feel free to reach out with your perspectives or questions.  
 >  
 > Best,  
 >  
 > Brad  
 >  
 > Reception Lobby/Desk  
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 >  
 > Entry  
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 > Board Room  
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 >  
 > All Hands

>  
>  
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